

SERVICES TRADE RESTRICTIVENESS

India rises on OECD index, still ranks 4th from bottom

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India's rank in services trade restrictiveness index (STRI) improved a notch to 47 from 48 among 50 countries surveyed by the Organization for Economic Co-operation and Development

(OECD), as the sanctions-hit Russia slipped below India.

The OECD STRI index covers the 38 OECD members, as well as Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand, and Vietnam. Apart from Russia, Indonesia and Thailand are the only two countries below India's rank.

"The 2022 STRI of India is above the OECD average and high compared to all countries in the STRI sample. Market access to certain key services sectors remains prohibited for foreigners or subjected to stringent conditions. Recent reforms include the privatisation of Air India in January 2022 and the elimination of pricing guidelines for transfers of shares between residents and non-residents," OECD said in its report.

The report said India had been progressively introducing reforms over the past years, contributing to a slight liberalisation of services trade in some sectors, most notably between 2018 and 2021.

"Engineering services, computer services, road

freight transport and sound recording are the sectors with the lowest score (least restricted) relative to the average STRI across all countries. Accounting services, legal services, architecture services and rail freight transport are the sectors with the highest

score (most-restrictive) relative to the average STRI across all countries," it said.

OECD said open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system in India.

"To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade

costs for services providers, weaken the gains from digital transformation and undermine competitiveness," it said. The 2022 STRI reflects restrictions that apply on key strategic services sectors such as rail freight transport, legal services and accounting, OECD said.

"These sectors are either reserved for public monopolies or they are completely closed for foreign direct investment and foreign services providers," it said.

OECD said limitations on foreign ownership also exist in other relevant sectors such as distribution, commercial banking and insurance.

STATUS CHECK



Services Trade Restrictiveness Index 2022

#	Country
1	Japan
2	UK
3	Netherlands
4	Czech Republic
5	Chile
46	Israel
47	India
48	Russia
49	Thailand
50	Indonesia

Source: OECD